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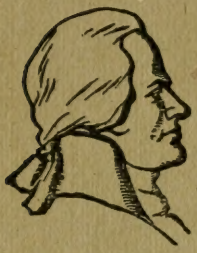
# THE HUNDRED THOUSAND DOLLAR LETTER

A well written business letter causes the reader to think and act as the writer desires. It proves itself an effective salesman.



MODERN BUSINESS
TALK No. 23

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ALEXANDER HAMILTON INSTITUTE
NEW YORK

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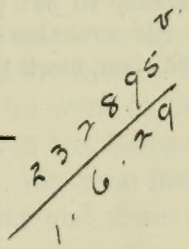
# The Hundred Thousand Dollar Letter

Number Twenty-three of a Series of Modern
Business Talks Prepared by the
Alexander Hamilton Institute



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## READING ASSIGNMENT

The current reading assignment consists of three parts: (1) this Talk; (2) pages 1-178 of Volume 12, "Business Correspondence," and (3) Lecture 12.

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The entire matter of effective letter writing is, after all, a question of self-expression. It affords opportunity for the exercise of both mind and heart. Knowledge of your subject and ability to put yourself in the other person's place go far towards perfection in this art. Diligent practice, study and self-criticism, mark the stepping stones.

# The Hundred Thousand Dollar Letter

> The conversational type of letter—the letter that sounds natural and sincere—is in fact the most businesslike kind of letter.—Page 50 Chapter III, Volume 12 of the MODERN BUSINESS TEXT.

An American mining machinery company secured an order for $100,000 worth of hoisting engines, head frames and accessory supplies thru the ability of a skilled correspondent to anticipate a purchaser's needs.

It was Walter Ardmore who wrote the Hundred Thousand Dollar letter, and his achievement brought about an entire change in the handling of the company's business correspondence. More than that, it resulted in internal factory and office reforms that were worth many times the profit on the big order.

Ardmore was an experienced mining engineer who had developed the selling instinct. His letters to the house that employed him were so out of the ordinary that he was called into the home office to be trained for sales work. He was familiarized with the plant, its departments and their coordination, and with the manner in which the executive officers kept in touch with the mechanical division. He attended lectures to the sales force, was present at many of the meetings of the department heads, and gradually became thoroly imbued with the spirit of the organization. During this time he was really

going to school, for he was the first of many correspondents whom the company had trained in the details of its business. Ardmore was an experiment; the Hundred Thousand Dollar letter was unknown then.

### A Worth-While Contract

Several months later, Ardmore's company was bidding in competition for an order of machinery. The contract was to be made by a London firm that had acquired leases on valuable mining properties on the Rand. The company needed twelve hoisting engines and accessory shaft house equipment. The first one of the engines was to be delivered, set in position and made ready for work within eight weeks from the signing of the contract. Thereafter, one new engine was to be placed in service every two weeks. For each day's delay there was to be a penalty of $50; for each day's gain in time there would be a premium of $50. Sealed bids were to be submitted. One month's time was allowed competing companies in which to examine the plans and specifications. Presently, crack salesmen from two continents were arriving in London in an attempt to influence the sale in advance.

After reading the correspondence, the sales manager of the American house turned the letters over to Ardmore.

"We have to get that contract," he said. "We have a man there, but the bids are to be opened by the directors behind closed doors. You write a letter that will land the business!"

## A Qualified Letter Writer

A closed door is not an obstacle to a resourceful writer of business letters. He is often able to turn to advantage what to others appears to be an insurmountable difficulty.

It was up to Ardmore to write what subsequently became known as the "Hundred Thousand Dollar Letter." Fortunately, he understood the matter of mining leases. He had passed thru the fire of experience, both in the field, the shop and the office. He could visualize the position of the leasing company, and he understood the buyer's viewpoint.

In preparation for the writing of this letter, Ardmore consulted in turn the foundry manager, the superintendent of the finishing and assembling departments and the heads of nearly all the divisions of the plant. His one question was: "What is the shortest possible time in which you can do your part in turning out the first two of these engines?"

With the knowledge he obtained he proceeded to write his sales letter.

"It is absolutely necessary that ours shall be the highest bid," he said to the sales manager. "Won't you see to it that the estimator calculates on that basis?"

## The Letter That Won

Ardmore's "Hundred Thousand Dollar Letter" accompanying the detailed bid, was as follows:

Among the many bids you open today, ours is undoubtedly the highest, yet by the same token it is the lowest.

If we have judged correctly your present wants, you are much more interested in getting your hoisting engines to work at the earliest possible moment than you are in collecting penalties for delayed deliveries.

We take it that nothing will please you more than being called upon to pay a handsome bonus to the manufacturer who gives you advance delivery.

Our bid is based entirely upon this assumption. We are prepared to guarantee delivery sufficiently in advance of the contract date to earn for ourselves a substantial bonus and for you a still greater profit. To accomplish this, we are arranging to focus upon your order the forces and equipment of our whole plant—an arrangement so costly as to eliminate all manufacturing profit and throw us wholly on the bonus for our compensation.

Cable your acceptance and the work will start within an hour.

Ardmore's analysis of the requirements of the leasing company was correct. He knew that the company was in business for profit, so he went straight to the point. He also knew that they were more interested in their daily earnings on ore hoisted thru the collars of the different shafts than in collecting penalities. To them every day gone was a day lost. Moreover, the leases were not renewable, hence time was in truth the essence of their contract.

A few hours after the receipt of this letter the London firm cabled the American company that its offer had been accepted.

We should note that there was nothing especially brilliant or spectacular in Ardmore's letter. It just talked to the directors in terms of profits. It tactfully suggested what one of the board members

might have expressed in recommending that the American firm be given the order. It was perfectly true that the profit on the ore would more than recompense the company for the bonus to be paid for delivery of the equipment ahead of time. The letter showed that the bidder had made deliberate arrangements to take advantage of the bonus feature. It is also noteworthy that the letter said nothing about the age and reputation of the bidding house, the writer undoubtedly feeling that the directors of the leasing company had satisfied themselves on that point before inviting any firm to bid for the work. The unusual character of the American company, however, was suggested by the fact that it was confidently submitting what it believed to be the highest bid in direct contrast to those who emphasized their ability and willingness to quote low prices. Other bidders might want the contract for what it would give them as manufacturing profits; Ardmore's company sought the bonus in the contract.

The present assignment contains a wealth of information on the important subject of correspondence. Take for example, Chapter II, in which the author discusses the reader's point of view, and Chapters V and VI in which he shows specifically why certain letters fail and why certain others make good. These are things that every good correspondent must know.

### Letters That Create Good-Will

Sometimes a tactless correspondent makes an

error that may cost his company a great deal of business. A certain manufacturer of milling machinery nearly lost the business of one of his best customers thru an unfortunate letter demanding cash in advance from a man whose credit was beyond question. The latter was one of those self-made, square dealing men who have come up from the ranks thru their own efforts. Such men are often extremely sensitive. This man had a good opinion of himself; he was both generous and quick tempered; withal he had a sense of humor. Tho he had bought thousands of dollars worth of milling machinery from the manufacturer, he had never personally written to the house and was unknown to the person who received the order. The latter wrote a brusque letter which was placed in the mail in the morning. Shortly after lunch one of the officials of the plant discovered the error. Instantly there was consternation in the manufacturing company's office. One of its best and largest customers had been grievously affronted. A letter of apology must be sent at once, and the following was dictated:

Thru a stupid error in our credit department, a letter was sent to you early in the day demanding advance payment for the goods you ordered from us. It is difficult to explain how such a mistake could have been made. Similarity in names caused a careless clerk to associate you with another man. We trust that you will understand and appreciate our position. There has never been any question in this office as to your credit and we don't think there ever will be.

The machinery you ordered is being crated and will go forward at once.

After reading this letter carefully the manager, to whom it was shown before sending, became convinced that it was even worse than the first. An attempt was being made to excuse an offense for which there was no excuse. Another letter, dictated and signed by the manager, ran as follows:

You have every right to cancel your order with us in view of the letter which we mailed to you this morning. No doubt you were amazed when you read it. It was a mistake on our part for which there is no excuse. The fact that we have done business with you for years makes the error all the more inexcusable. We frankly admit that if our positions were reversed, it would probably require more than a letter of regret to prevent us from cancelling this order.

We offer you our apologies, and in order that you may know that it is tendered without reservation, we wish to say that the machinery is on the loading platform, ready for shipment, but we have no thought of sending it until we hear from you that you wish us to do so.

This letter brought back a telegram directing that the goods be shipped at once, and was followed by a letter expressing admiration of the frank manner in which the company accepted all the blame. The simple, straightforward letter not only brought a confirmation of the order but established a strong and lasting friendship.

Chapters VII to X of our assignment are devoted to a study of some of the purposes for which business letters are written. The routine letter, the difficult letter, the adjustment letter, the collection letter—these and others, together with their chief characteristics are interestingly discussed in the remaining

chapter of our assignment. The importance of the subject is evident to all.

### The Personal Element

Every good letter writer brings the personal element tactfully into his letters. If rightly done it never fails to appeal to the reader. The buyer of a middle western department store makes it her business to keep in touch with the wealthier class of women patrons. She knows them personally and she takes pains to let them know that she is interested in their wants. The class of trade is not exactly rich enough to afford the expensive imported gowns, yet it is select enough to purchase dresses that follow original French models and that sell at a good price. During her meeting with the store's patrons, this buyer makes notations of their wants and these are carefully ascertained before she leaves for the East. Prior to her departure, she writes to each woman, telling about her forthcoming eastern trip, and promising to write from the metropolis about the new fall and winter styles.

From New York she dispatches form letters with names and addresses neatly filled in, to a select list of customers. Always there is a personal touch in the letters, and a reference to the news of the day or to some incident of country-wide interest. The following is an example:

New York gown makers are closely following Paris models this year. I'm amazed at what I have seen in the past few days. The suits, dresses and gowns which you will wear this year are exact counterparts of originals made in Paris. They

are more reasonably priced than you expect when you consider the difficulty in obtaining exclusive models from the best known French designers.

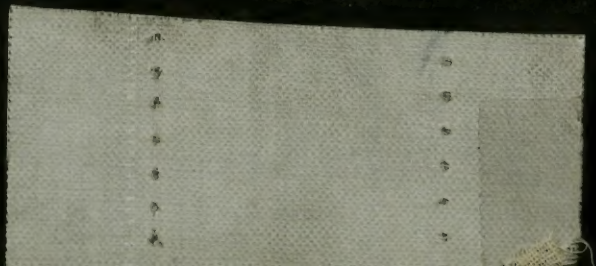
I have thought of you so many times since I came to New York. How I wish you were here with me to see the splendid display from which I am selecting. There are several models which I know you will be glad to see and some which I feel you will want. I shall return home on the eighth of next month and hope to see you at our Fashion Promenade on the fifteenth when all the models I have selected will be shown.

I saw the men who have returned from service overseas march up Fifth Avenue yesterday. It was a wonderful and inspiring sight. At times it made one choke a little. I wish you could have been with me and have witnessed the scene and then noted the enthusiasm of the people who lined the sidewalks and cheered the soldiers as they passed by. I never saw such crowds in all my life. It was truly wonderful.

This letter cleverly links up the news of the day with the buying of garments. It focuses the attention of the reader on the specific purpose of the writer's trip to New York. There is enough news about the Paris models and the bewildering array of gowns and suits from which the buyer is selecting, to excite the curiosity and stimulate the interest of the patrons of the store. The description of soldiers marching up Fifth Avenue makes the reader sense the excitement of the trip and creates a mental picture of New York at the season of the buyer's visit.

The letter is successful chiefly because of its personal tone. It is written just as one woman would write to another. It is also an effective follow-up of letters written prior to the buyer's departure for the East.

The practical value of good letter writing is so great that any person in business may well devote time and study to the art. The chapters covered in the present assignment are a great help to the earnest student of business correspondence.



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